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PENNSYLVANIA BUSINESS SURVEY

College of Business Administration The Pennsylvania State University **May 1986**

EMPLOYMENT AT ALL-TIME HIGH FOR THIRD STRAIGHT MONTH

Employment of Pennsylvania residents stood at a seasonally adjusted 5.3 million in March. This is an all-time high and is the third consecutive month in which a record has been set. **Normally, there is an employment increase of about 39,000 in March as economic activity picks up as spring and summer approach. This year, however, employment jumped 126,000 in the Commonwealth, resulting in a seasonally adjusted gain of 87,000.** (In other words, the gain was 87,000 more than expected.)

Despite this impressive performance, the jobless rate rose 0.5 percentage point after adjustment for normal seasonal variations to 7.6 percent. How can this be, given the healthy employment gain? The answer lies in the behavior of the labor force, where there was a net inflow of 126,000 individuals willing to work. In that "only" 87,000 residents found work, the number of unemployed jumped 39,000 after seasonal adjustment. **The increase in the unemployment rate put it above the nation's 7.2 percent rate. This comes on the heels of a situation in February when the Commonwealth's jobless rate fell below the nation's for the first time since mid-1982.** March's figures provide a better indication of Pennsylvania's standing relative to the nation.

In the March *Survey*, the Commonwealth's weak labor force growth relative to the nation was examined. However, in February and March, labor force growth from year-ago levels has been stronger in Pennsylvania compared to the U.S. **Despite the fact that the recent surge in the workforce puts upward pressure on unemployment, it is a positive development in that it may represent an improving outlook on the part of Pennsylvanians as they see employment expanding, luring them back into the job market.**

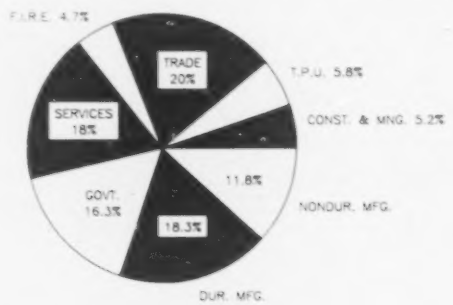
Surely, the unemployment situation would be brighter if the Commonwealth's manufacturing sector would contribute to economic growth. In March, job levels at Pennsylvania manufacturing establishments declined for the second straight month, settling at an all-time low of 1.06 million after seasonal adjustment, a fall of 6,000 from February. Except for a few brief interruptions, manufacturing jobs have been on the decline for about the past two years. **Hopefully, the combination of falling oil prices, lower interest rates, and the declining dollar will act as a catalyst in spurring increased manufacturing activity around mid-year.**

At the same time, **nonmanufacturing has been on a tear as of late in Pennsylvania.** Annual average job levels in the sector have risen in each of the last three calendar years. March's gain of 4,000 jobs represents the 14*th* consecutive monthly advance, pushing job levels to a record-high 3.73 million after seasonal adjustment.

As the accompanying chart illustrates, **for the most part, job growth in Pennsylvania during the past year has trailed the nation's advance.** Growth in nonagricultural jobs between the first quarter of 1985 and of 1986 was 2.1 percent in Pennsylvania and 3.1 percent in the U.S. On the goods-producing side, the Commonwealth trailed the nation considerably in manufacturing. However, the State did turn in a better performance in the construction industry (an 8.5 percent job gain compared to 7.6 percent nationally). In the services-producing industries, Pennsylvania managed to surpass national growth rates in trade and, surprisingly, services. Hence, it does appear that economic activity in Pennsylvania can perform up to national standards. Whether or not this turns out to indeed be the case remains to be seen.

Sectoral trends during the past several years have drastically changed the structure of the Pennsylvania economy (see chart). Specifically, **divergent growth patterns in manufac-**

PENNSYLVANIA NONAGRICULTURAL JOB DISTRIBUTIONS, 1975 AND 1986:IQ



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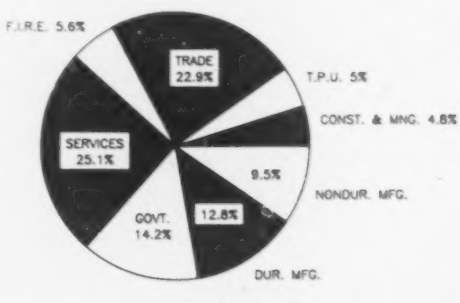


1986:IQ

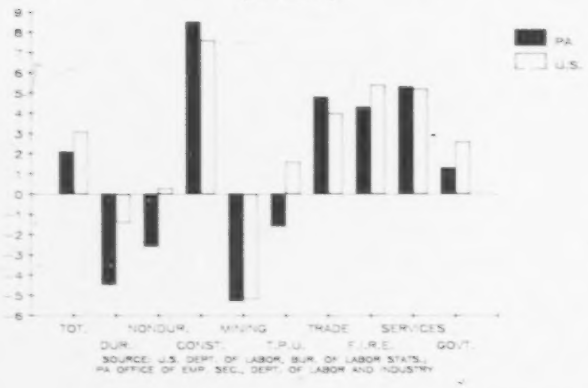
SOURCE: (1975) PA OFFICE OF GOV. SEC., (1986:IQ) PA STATE UNIV.

turing and nonmanufacturing have resulted in a significant shift in the relative importance of the two sectors. In 1975, the manufacturing sector accounted for slightly more than 30 percent of all nonagricultural jobs in Pennsylvania. By 1986:IQ, this share had fallen to nearly 22 percent. Service-producing industries saw their share rise from 64.7 to 72.9 percent during the same period.

Declines in steel production and sales of electricity to industry reflect the slump in manufacturing activity. A recent survey by the U.S. Department of Commerce shows that U.S. businesses plan to boost capital spending by a slight inflation-adjusted 0.9 percent this year. Combined with expected cuts in automobile production, this certainly will not help Pennsylvania's steel and other durable goods producers. The slight increases in average and total weekly hours worked and total weekly payrolls are really nothing to get excited about. A string of such increases is needed before anything can be read into the gains.

Further indications of manufacturing's slump at the national level can be found in declines in industrial production and capacity utilization. In light of these and other developments,

U.S. AND PA NONAGRICULTURAL JOB GROWTH, 1985:IQ–1986:IQ
(percent)



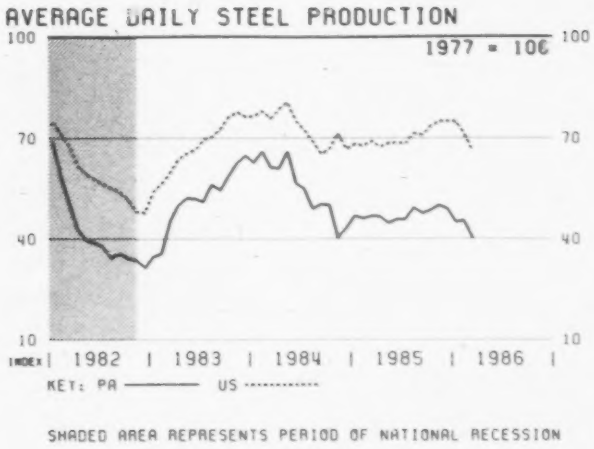
SOURCE: U.S. DEPT. OF LABOR, BUR. OF LABOR STATS.; PA OFFICE OF EMP. SEC., DEPT. OF LABOR AND INDUSTRY

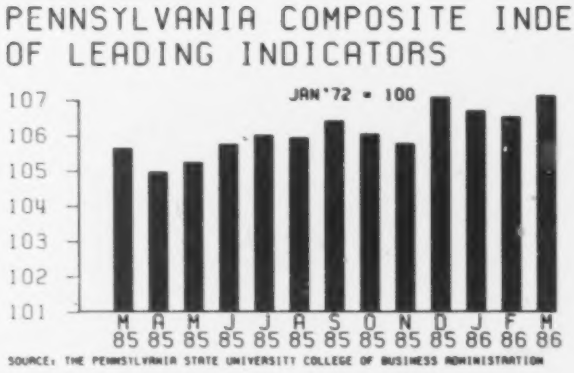
many analysts were surprised with the 3.2 percent growth rate in real GNP during this year's first quarter. Many expect this figure to be revised downward. Remember, first indications of fourth quarter growth in 1985 suggested a 3.2 percent increase in real GNP. This has since been revised

Economic Activity in Pennsylvania	UNADJUSTED DATA			SEASONALLY ADJUSTED DATA			SEASONALLY ADJUSTED INDEXES (1977 = 100)		
	1986		1985	1986		1985	1986		1985
	Feb	*Mar*	*Mar*	*Feb*	*Mar*	*Mar*	*Feb*	*Mar*	*Mar*
Pennsylvania Industries									
All nonagricultural industries									
No. of wage and salary jobs (thous.)[1]	4,709*	4,740	4,654	4,797*	4,794	4,708	105.1*	105.0	103.1
Nonmanufacturing									
No. of wage and salary jobs (thous.)	3,650*	3,682	3,554	3,729*	3,733	3,604	115.7*	115.8	111.8
Manufacturing									
No. of wage and salary jobs (thous.)	1,057*	1,056	1,097	1,068*	1,062	1,104	79.6	79.1	82.3
Ave. wkly. hrs. worked by prod. workers	39.6	40.2	39.9	39.6	40.2	39.8	100.6	101.6	100.7
Total wkly. person-hours worked (mils.)	28.4	28.7	29.7	28.8	28.9	29.9	75.1	75.3	77.9
Total wkly. payroll (mil. dols.)	276.0	279.0	282.5	279.3	281.0	284.5	124.3	125.0	126.6
Steel production (thous. tons)	994	1,074	1,252	n.a.	n.a.	n.a.	45.3	40.1	47.0
Industrial electric power sales (mil. kwh)	3,515	3,475	3,580	3,464	3,363	3,510	93.8	91.1	95.0
Mining									
Anthracite coal (thous. net tons)	284	305	329	351	310	327	71.8	63.4	66.9
Bituminous coal (thous. net tons)	4,762	n.a.	4,662†	5,189	n.a.	5,079†	73.6	n.a.	72.0†
Construction contracts awarded (mil. dols.)									
Total	484.6	742.2	573.5*	863.5	768.4	569.5*	268.4	238.8	177.0*
Residential building	166.6	292.9	260.4*	363.1	319.5	284.1*	258.0	227.0	201.8*
Nonresidential building	135.4	219.8	140.0*	226.6	256.6	151.4*	208.9	236.5	139.6*
Nonbuilding (utilities and public works)	182.6	229.6	173.1*	273.8	192.3	134.0*	377.7	265.3	184.9*
Employment of Pennsylvania Residents									
Employed, no. of persons (thous.)	5,040	5,166	4,936	5,215	5,302	5,070	108.5	110.3	105.5
Unemployed									
No. of persons (thous.)	451	445	454	395	434	443	98.5	108.2	110.5
Rate (percentage of labor force)	8.2	7.9	8.4						
Rate, seasonally adjusted				7.1	7.6	8.0			
Civilian labor force, no. of persons (thous.)	5,491	5,611	5,390	5,610	5,736	5,513	107.8	110.2	105.9
Initial claims for unemployment benefits	105,731	98,020	102,748	121,240	118,189	126,508	84.7	82.5	88.4

Consumer Prices, all items	Urban Indexes (1967 = 100)			Percentage Change	
	1986		1985	*Month Ago*	*Year Ago*
	Feb	*Mar*	*Mar*		
U.S. city average	327.5	326.0	318.8	−0.5	+2.3
Philadelphia	320.1	319.1	310.4	−0.3	+2.8
Pittsburgh	330.1	n.a.	323.8†	n.a.	+1.9
Northeast PA	n.a.	309.3	304.9	n.a.	+1.4

NOTES: Data on employment, payrolls and hours have been revised to first quarter 1985 benchmarks.
[1] Total includes workers on strike. * = figure revised † = figure for February 1984 n.a. = data not available
SOURCES AND DEFINITIONS OF DATA ARE AVAILABLE ON REQUEST.




PENNSYLVANIA COMPOSITE INDEX OF LEADING INDICATORS
JAN'72 = 100
107
106
105
104
103
102
101
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SOURCE: THE PENNSYLVANIA STATE UNIVERSITY COLLEGE OF BUSINESS ADMINISTRATION

downward in three stages to 0.7 percent.

The State's construction industry had a sluggish month as total contract award values fell 11 percent to a seasonally adjusted $768.4 million. Contract values for residential and nonbuilding projects fell. Nonresidential contract values rose. Despite the overall decline, construction activity is still moving along at a fairly high level. The lowest mortgage rates in years can do nothing but help the residential sector.

In conclusion, given the big gain in employment, March has to be labeled a moderate success in economic terms. Again, manufacturing acted as an anchor on total economic growth. A 0.3 percent increase in the Pennsylvania index of coincident indicators provides evidence of this view of overall modest growth. Additionally, the index of leading indicators rose 0.6 percent, reversing two straight months of decline. Given the volatile nature of both indicators during the past several months, **it is best not to get overly optimistic based on one month's upturn.**

— William D. Anderson

Housing Permits Report

During this year's first quarter, 7,808 housing units were authorized in Pennsylvania, essentially unchanged from a year ago. Given recent declines in mortgage rates, the first quarter's performance is somewhat disappointing. However, as we head into the spring and summer, the stimulative impact of the lowest mortgage rates in several years should take hold.

This impact is apparently already being felt at the national level, where the number of permits jumped more than 7 percent from year-ago levels. Additionally, housing starts in the U.S. are currently at their highest level since well before the back-to-back recessions of the early 1980s.

Pennsylvania Housing Units Authorized In Permit Issuing Places

	Units authorized	Pct. change from yr. ago
1986: IQ	7,808	0.7
1985:IVQ	10,321	n.a.
1985: IQ	7,752	n.a.

Source: U.S. Dept. of Commerce, Bur. of the Census

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Around the State

Statewide trends in the first quarter were as follows:

—The jobless rate dropped 0.5 percentage point to its lowest level since 1980:IQ, a seasonally adjusted 7.4 percent. Resident employment rose 3 percent to stand at a record-high 5.22 million after seasonal adjustment, a gain that was strong enough to reduce the number of unemployed by 2.3 percent and absorb a 2.6 percent increase in the labor force.

—Manufacturing jobs fell a seasonally adjusted 0.5 percent to their lowest level on record, 1.07 million. Nonmanufacturing job levels rose 0.6 percent to stand at a record-high 3.73 million after seasonal adjustment.

—Electricity sales to industry, a good proxy for industrial production, fell 1.9 percent after seasonal adjustment.

—The average factory workweek was down a seasonally adjusted 0.2 hour to 40.1 hours. Usually, the workweek rises before an increase in hiring.

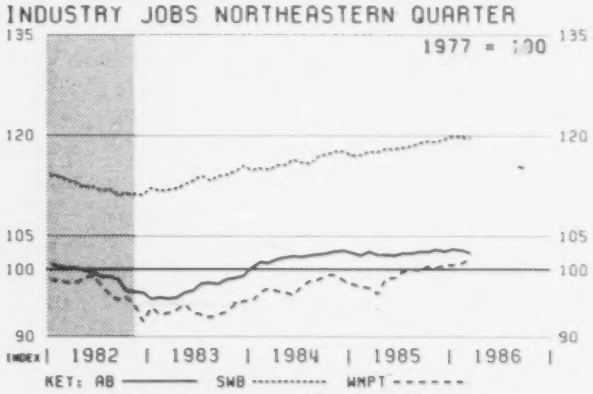
—Residential construction contract awards were up 15 percent in value from a year earlier. Nonresidential contract values rose 25 percent over the same period.

Allentown-Bethlehem Area[1]

	Ave. mo. value	Average monthly index seas. adj. (1977 = 100)		
	1 Q.'86	*1 Q.'86*	*4 Q.'85*	*1 Q.'85*
Employment *(in thousands)*				
Employed, no. of residents	287.2	107	105	106
Unemployed, no. of residents	28.5	129	129	117
Rate, seasonally adjusted	8.5			
Civilian labor force, no. of residents	315.7	109	106	106
Local industries *(in thousands)*				
All nonagricultural ind., no. of wage and salary jobs	259.7	103	103	102
Nonmfg. only, no. of jobs	177.6	122	120	116
Mfg. only, no. of jobs	82.1	77	79	84
Hrs. worked by production workers in mfg., *ave. weekly*	37.8	100	102	103
Industrial electric power sales				
Metropolitan area	***	103	109	109
Allentown	***	100	101	109
Bethlehem	***	107	115	112
Easton	***	98	103	98
Construction contracts awarded *(in millions of dollars)*	'86 Ytd (Jan-Mar)	Pct Change From Year-Ago Ytd		
Residential contracts only	50.7	+35		
Nonresidential contracts only	31.1	+ 8		

[1]Lehigh, Northampton, and Carbon Counties, Pa., and Warren County, N.J.

Northeastern Quarter



SHADED AREA REPRESENTS PERIOD OF NATIONAL RECESSION

Allentown-Bethlehem

Economic conditions in the Allentown-Bethlehem region mirrored those throughout the State in the first quarter of 1986. The nonmanufacturing sector continued to be the driving force behind the economy. Jobs in the sector stood at a record-high 180,700 after seasonal adjustment. Except for last year's first quarter, when they held steady, job levels in nonmanufacturing have increased continuously since 1983:IQ.

Manufacturing, on the other hand, has held the region's economy back. At 82,700 after seasonal adjustment, job levels in the sector are the lowest on record in the region. The decline in manufacturing jobs over the past year was the second highest in the State in percentage terms.

The downward trend in jobs is not the only indicator signalling manufacturing's slump. Both the average factory workweek and electricity sales to industry fell again in the first quarter. The workweek, a good indicator of future manufacturing trends, fell from a seasonally adjusted 38.9 hours in last year's fourth quarter to 38.1 hours, its lowest level since 1983:IIQ. Electricity sales, a good proxy for industrial production, have not been as low as they were in the first quarter since the early 1980s.

Despite the weakness in the manufacturing sector, the two measures of employment, jobs in nonagricultural establishments and total resident employment, both stand at or near record-highs. Because of nonmanufacturing's gains, nonagricultural job levels, at a seasonally adjusted 263,400, have increased in 10 of the past 12 quarters and are at their highest since the early 1980s.

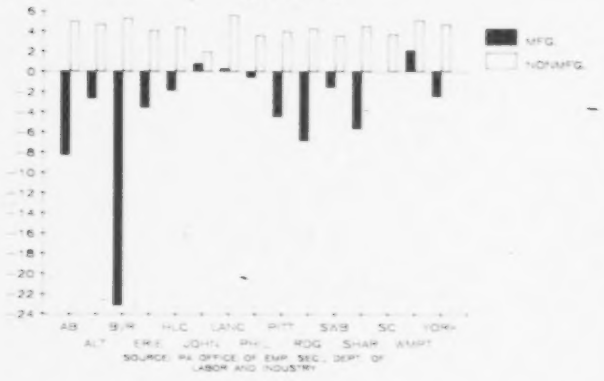
At a record-high 293,800 after seasonal adjustment, total resident employment rose by 6,200 or 2.2 percent from last year's final quarter. Employment has advanced in 8 of the past 12 quarters. However, the employment gain was not strong enough to exert considerable downward pressure on unemployment. In fact, in absolute terms, joblessness rose slightly last quarter to a seasonally adjusted 27,100. The unemployment rate fell a slight 0.1 percentage point to 8.5 percent.

As the economy of the region continues to expand, albeit modestly, construction activity moves in step. The value of residential construction contract awards, at $50.7 million, rose 35 percent from a year ago in the first quarter. Nonresidential contract values grew a more moderate 8 percent.

Scranton-Wilkes-Barre

Because of an exceptionally large increase in the region's labor force during the first quarter of 1986, the healthy 2.9 percent increase in employment after seasonal adjustment was not strong enough to reduce the number of residents counted as unemployed in the Scranton-Wilkes-Barre area. The gain in employment translates into an absolute advance of 8,700 and leaves it at a record-high 311,400. However, because

METRO MANUFACTURING AND NONMANUFACTURING JOB GROWTH, 1985:IQ–1986:IQ
(percent)



of a seasonally adjusted gain of 9,100 in the labor force, the number of residents counted as unemployed rose by a slight 400 to 30,700 after adjustment. Still the positive impact of the employment gain was enough to offset the increase in the number of unemployed, resulting in a 0.1 percentage point reduction in the jobless rate to a seasonally adjusted 8.9 percent. Although the unemployment rate is well above the State's 7.4 percent average, it is still the lowest it has been since early 1979.

As is the case throughout most of Pennsylvania, there have been considerable differences in growth between the manufacturing and nonmanufacturing sectors in the region. The only time manufacturing job levels have been lower than the first quarter's seasonally adjusted 72,800 was in early 1983, just as the recession was bottoming out. Additionally, job levels have been on the decline in four of the last five quarters.

The behavior of both the average workweek and electricity sales to industry reflect manufacturing's sluggishness. At 37.9 hours, the workweek is down 0.5 hour from a year ago. There was just a very slight increase in electricity sales.

The situation is quite different in nonmanufacturing where job levels have increased in each of the last 8 quarters. During this year's first quarter, the gain totalled 1,600 or 0.8 percent after seasonal adjustment, leaving sectoral job levels at a record-high 205,800. On the strength of these gains in nonmanufacturing, total nonagricultural job levels in the region rose to a record-high last quarter, a seasonally adjusted 278,600.

Construction activity in the region was mixed during the first quarter. At $7.6 million, nonresidential contract values were off 36 percent from 1985:IQ. On the other hand, residential contract values, at $33.4 million for the quarter, were up 17 percent from a year earlier.

Williamsport

The Williamsport area economy appears to have more than held its own during the first quarter as manufacturing job levels rose for the second time in three quarters. At a seasonally adjusted 14,900, sectoral job levels were up 200 from the previous quarter. Furthermore, the region was one

Scranton-Wilkes-Barre Area[1]

	Ave. mo. value 1 Q '86	Average monthly index seas. adj. (1977 = 100) 1 Q '86	4 Q '85	1 Q '85
Employment *(in thousands)*				
Employed, no. of residents				
Metropolitan area	302.8	110	107	106
Lackawanna County[2]	n.a.	n.a.	n.a.	n.a.
Luzerne County[3]	n.a.	n.a.	n.a.	n.a.
Unemployed, no. of residents				
Metropolitan area	32.5	97	95	103
Rate, seasonally adjusted	8.9			
Lackawanna County[2]	n.a.	n.a.	n.a.	n.a.
Luzerne County[3]	n.a.	n.a.	n.a.	n.a.
Civilian labor force, no. of residents				
Metropolitan area	335.3	109	106	106
Lackawanna County[2]	n.a.	n.a.	n.a.	n.a.
Luzerne County[3]	n.a.	n.a.	n.a.	n.a.
Local industries, Metropolitan area *(in thousands)*				
All nonagricultural ind., no. of wage and salary jobs	273.6	107	106	105
Nonmfg. only, no. of jobs	201.0	116	115	112
Mfg. only, no. of jobs	72.4	88	88	89
Hrs. worked by production workers in mfg., *ave. weekly*	37.9	n.a.	n.a.	n.a.
Industrial electric power sales				
Metropolitan area[4]	***	102	101	102
Lackawanna County[2]	***	111	110	107
Luzerne County[3]	***	93	93	94
Hazleton	***	82	85	90
Wilkes-Barre	***	102	98	90

Construction contracts awarded *(in millions of dollars)*	'86 Ytd (Jan-Mar)	Pct Change From Year-Ago Ytd
Residential contracts only	33.4	+17
Nonresioential contracts only	7.6	–36

[1]Columbia, Lackawanna, Luzerne, Monroe, and Wyoming Counties
[2]Includes Scranton
[3]Includes Wilkes-Barre and Hazleton
[4]Excludes Wyoming County

of only three metropolitan areas around the State to show an increase in manufacturing jobs from a year ago.

A seasonally adjusted 14.9 percent gain in electricity sales to industry, the largest in the State, provides additional evidence that there is some life left in the region's manufacturing sector. However, on the negative side, the average factory workweek fell for the first time in a year, declining from a seasonally adjusted 40.9 to 40.2 hours (two month average).

Nonmanufacturing job levels held steady last quarter at a seasonally adjusted 31,500. Still, this represents the highest level on record. All told, total jobs in all nonagricultural establishments rose for the fourth straight quarter, settling at a sesonally adjusted 46,500.

The news is also good on the unemployment front where the jobless rate fell a seasonally adjusted 0.6 percentage point to 8.1 percent, the lowest since 1978. A strong seasonally adjusted 3 percent increase in resident employment contributed to the decline in the unemployment rate. This increase, which translates into an absolute gain of 1,500, leaves employment at its highest level on record, 51,000 after seasonal adjustment. In declining a slight 200 after seasonal adjustment, the number of residents counted as unemployed fell to their lowest level since 1979, 4,500.

Partially reflecting the overall economic rebound in the region, construction activity was up considerably over year-ago levels. The $3.3 million in residential contracts represents

Williamsport Area[1]

	Ave. mo. value 1 Q.'86	Average monthly index seas. adj. (1977 = 100) 1 Q.'86	4 Q.'85	1 Q.'85
Employment *(in thousands)*				
Employed, no. of residents	49.4	109	105	103
Unemployed, no. of residents	5.1	98	104	114
Rate, seasonally adjusted	8.1			
Civilian labor force, no. of residents	54.5	108	105	104
Local industries *(in thousands)*				
All nonagricultural ind., no. of wage and salary jobs	45.6	101	100	98
Nonmfg. only, no. of jobs	31.1	112	112	107
Mfg. only, no. of jobs	14.6	84	82	83
Industrial electric power sales	***	87	76	86
Construction contracts awarded *(in millions of dollars)*	'86 Ytd (Jan-Mar)	Pct Change From Year-Ago Ytd		
Residential contracts only	3.3	+ 50		
Nonresidential contracts only	1.1	+175		

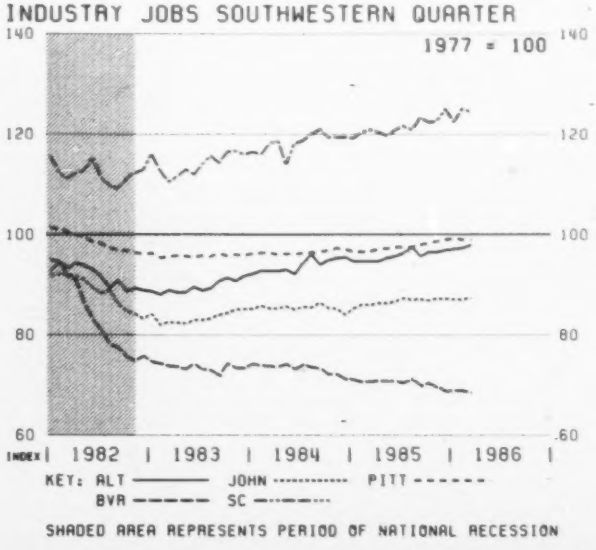
[1]Lycoming County

a gain of 50 percent from 1985:IQ. An even stronger performance was turned in on the nonresidential side where, at $1.1 million, contract values were nearly three times their year-ago levels.

Southwestern Quarter

Altoona

The Altoona area economy failed to pick up much ground during this year's first quarter despite the highest level of employment since 1980:IQ. At a seasonally adjusted 53,600, employment is up 1,600 from last year's final quarter. However, given an increase in the labor force, the employment gain was not strong enough to put a dent in the region's unemployment problem. With the third highest jobless rate of all metropolitan areas, a seasonally adjusted 10.1 percent, it is apparent that the region is failing to keep pace with the State and national economies.



As is the case with total employment, the number of jobs in the region's nonagricultural establishments, at 49,900 after seasonal adjustment, is the highest since early in the decade. First quarter's gain of 400 jobs represents the fourth consecutive quarterly advance.

Despite a slight gain of 300 jobs during the quarter, the first since 1984:IVQ, manufacturing continues to be the major contributing factor to the region's difficulties. In all, 11,100 jobs were maintained in the region's manufacturing establishments after adjustment for normal seasonal variations. That represents a fall of 300 from a year ago. Similar to the situation throughtout the State, manufacturing jobs have yet to surpass those levels which prevailed before the recessions of the early 1980s.

All of the area's recent job growth has come in the nonmanufacturing sector where job levels rose for the fourth straight quarter. Whereas the Commonwealth is maintaining a record level of nonmanufacturing positions, the seasonally adjusted 38,800 jobs in Altoona establishments fall short of the region's high-water mark set in the late 1970s.

The weakness of the manufacturing sector is reflected in the behavior of both the average factory workweek and sales of electricity to industrial customers. At a seasonally adjusted 39.5 hours (two month average), the workweek was unchanged from last year's final quarter. The workweek normally rises before any pick-up in hiring. Electricity sales were at their lowest level in three years.

It is not surprising that, given the sluggish economy, construction activity in the region was off during this year's first quarter. A weak economy leads to declines in construction activity. Specifically, nonresidential contract values were off 20 percent from a year ago, while residential contract values, despite considerable declines in mortgage rates, were unchanged.

Johnstown

Economic activity in the Johnstown area grew moderately in this year's first quarter, but there are still some major hurdles to be cleared for the current recovery to be labeled a success. Despite a 0.5 percentage point decline in the unemployment rate, to a seasonally adjusted 12 percent, it is still the second highest of all of the State's metropolitan areas and one of only three double-digit jobless rates.

Part of the decline in the unemployment rate is the result of a seasonally adjusted 2.7 percent rise in employment. This translates into a gain of 2,200 and leaves employment at 85,000. Whereas the Commonwealth is currently operating at a record-level of employment, Johnstown resident employment is well below the levels which prevailed throughout the 1970s and early 1980s. Given that the region's labor force rose by 2,000 individuals, last quarter's employment gain brought about a reduction of nearly 300 in the number of unemployed.

Construction appears to be a major bright spot in the economy. Nonresidential contract awards, at $21.5 million in the first quarter, are nearly four times their value from a year earlier. Residential building permit values grew a strong 37 percent over the year in rising to $7.8 million.

Job trends in the region's nonagricultural establishments

Altoona Area[1]

	Ave. mo. value 1 Q '86	Average monthly index seas. adj. (1977 = 100) 1 Q '86	4 Q '85	1 Q '85
Employment *(in thousands)*				
Employed, no. of residents	51.4	103	100	98
Unemployed, no. of residents	6.6	147	145	135
Rate, seasonally adjusted	10.1			
Civilian labor force, no. of residents	58.0	106	103	101
Local industries *(in thousands)*				
All nonagricultural ind., no. of wage and salary jobs	48.3	97	97	95
Nonmfg. only, no. of jobs	37.5	102	102	98
Mfg. only, no. of jobs	10.8	84	83	87
Industrial electric power sales	***	78	81	82
Construction contracts awarded *(in millions of dollars)*	'86 Ytd (Jan-Mar)	Pct Change From Year-Ago Ytd		
Residential contracts only	4.4	0		
Nonresidential contracts only	2.8	−20		

[1]Blair County

are different from patterns throughout the Commonwealth. In the manufacturing sector, where recent job declines at the State level have been well-publicized, jobs in the Johnstown region have held fairly steady as of late. In fact, there was a slight increase of 200 jobs last quarter to 12,500 after seasonal adjustment. Still, job levels are only about one-half what they were in the early 1970s.

The behavior of the average factory workweek does not signal any pick-up in hiring in the sector. Normally, the workweek rises before any such increase. However, in the Johnstown region, it has declined in each of the last two quarters and is at its lowest level since early 1983, 35.7 hours (two month average) after seasonal adjustment. A good sign, however, is first quarter's increase in electricity sales to industry, the fourth consecutive gain.

Nonmanufacturing is not showing the growth in the region that it is showing throughout the State. Job levels fell a seasonally adjusted 200 in the first quarter, settling at 63,900. The increase in nonmanufacturing jobs over the 1985:IQ-1986:IQ. was the lowest of all metropolitan areas in the State.

Johnstown Area[1]

	Ave. mo. value 1 Q '86	Average monthly index seas. adj. (1977 = 100) 1 Q '86	4 Q '85	1 Q '85
Employment *(in thousands)*				
Employed, no. of residents	82.0	88	86	86
Unemployed, no. of residents	13.1	108	111	114
Rate, seasonally adjusted	12.0			
Civilian labor force, no. of residents	95.1	90	89	89
Local industries *(in thousands)*				
All nonagricultural ind., no. of wage and salary jobs	74.5	87	87	86
Nonmfg. only, no. of jobs	62.2	96	96	94
Mfg. only, no. of jobs	12.2	59	58	59
Industrial electric power sales	***	158	158	134
Construction contracts awarded *(in millions of dollars)*	'86 Ytd (Jan-Mar)	Pct Change From Year-Ago Ytd		
Residential contracts only	7.8	+ 37		
Nonresidential contracts only	21.5	+277		

[1]Cambria and Somerset Counties

Pittsburgh-Beaver Valley

Although some economic growth is evident, an examination of first quarter trends in the Pittsburgh-Beaver Valley area shows that, at the least, there is substantial room for improvement, especially in Beaver County. Manufacturing continues to be a problem as job levels fell for the seventh time in the last eight quarters in the Pittsburgh area and for the seventh consecutive quarter in Beaver County. The seasonally adjusted 136,300 jobs in the Pittsburgh area and the 11,700 jobs in Beaver County both represent all-time lows. The seventh consecutive decrease in sales of electricity to industrial customers provides further evidence of manufacturing's slump.

What growth there is in the region is being generated in the nonmanufacturing sector. Job levels in the Pittsburgh area increased by a seasonally adjusted 4,900 in the sector during the first quarter to a record-high 725,800. A slight increase of 200 jobs in Beaver County, to 40,600 after seasonal adjustment, still left the number of jobs below pre-recessionary levels.

Despite this one-sided growth pattern, gains in employment during the first quarter were strong enough to absorb increases in the labor force and reduce the number of unemployed. Employment in the four-county Pittsburgh area rose a healthy 23,600 to a seasonally adjusted 893,900. In Beaver County, the increase amounted to 1,300 jobs, leaving employment at 57,900 after adjustment. Whereas employment in the Commonwealth as a whole is currently at an all-time high, employment levels in the Pittsburgh-Beaver Valley region are below pre-recessionary levels.

Partly because of last quarter's gains in employment, the jobless rate fell a seasonally adjusted 0.4 percentage point in the Pittsburgh and Beaver County areas. Still, of the 15 metropolitan areas around the State, Beaver County's 14.8 percent rate was the highest, while Pittsburgh's 8.4 percent jobless rate was just about average, but still well above the State's 7.4 percent.

Residential construction contract values were up from year-ago levels throughout the Pittsburgh-Beaver Valley area, probably spurred on by declining mortgage rates. On the nonresidential side, contract values were up 53 percent in the Pittsburgh area but fell from $700,000 a year ago in Beaver County to zero during this year's first quarter.

State College

First quarter trends indicate that the State College region has the strongest economy in Western Pennsylvania. The region's unemployment rate dipped a strong 1.5 percentage points to 6.4 percent after seasonal adjustment, the fifth lowest in the State.

The decline in the unemployment rate was the result of a 5.1 percent employment gain from the previous quarter. This translates into an absolute advance of 2,600 and leaves employment at a record-high 53,500. The number of residents counted as unemployed fell a seasonally adjusted 15.9 percent to 3,700, the lowest it has been since 1980. Another good sign is the fourth consecutive quarterly increase in the region's labor force. This suggests that the residents of the

Pittsburgh[1]-Beaver Valley[2] Area

	Ave. mo. value 1 Q '86	Average monthly index seas. adj. (1977 = 100) 1 Q '86	4 Q '85	1 Q '85
Employment *(in thousands)*				
Employed, no. of residents				
Pittsburgh[1]	868.8	103	100	99
Beaver County	56.4	68	66	69
Unemployed, no. of residents				
Pittsburgh[1]	87.5	129	133	147
Beaver County	10.1	156	157	155
Unemployment Rate, seas. adj.				
Pittsburgh[1]	8.4			
Beaver County	14.8			
Civilian labor force, no. of residents				
Pittsburgh[1]	956.3	105	102	102
Beaver County	66.5	74	73	75
Local industries *(in thousands)*				
All nonagricultural ind., no. of wage and salary jobs				
Pittsburgh[1]	845.1	99	99	97
Beaver County	51.5	69	70	71
Nonmfg. only, no. of jobs				
Pittsburgh[1]	709.7	112	111	107
Beaver County	39.9	107	106	102
Mfg. only, no. of jobs				
Pittsburgh[1]	135.1	62	63	65
Beaver County	11.6	31	33	40
Hrs. worked by production workers in mfg., *ave. weekly*				
Pittsburgh[1]	41.3	n.a.	n.a.	n.a.
Beaver County	41.2	n.a.	n.a.	n.a.
Industrial electric power sales	***	62	65	70
Construction contracts awarded *(in millions of dollars)*	'86 Ytd (Jan-Mar)	Pct Change From Year-Ago Ytd		
Residential contracts only				
Pittsburgh[1]	95.1	+ 38		
Beaver County	4.4	+ 5		
Nonresidential contracts only				
Pittsburgh[1]	124.5	+ 53		
Beaver County	0.0	−100		

[1]Allegheny, Fayette, Washington and Westmoreland Counties
[2]Beaver County

State College Area[1]

	Ave. mo. value 1 Q '86	Average monthly index seas. adj. (1977 = 100) 1 Q '86	4 Q '85	1 Q '85
Employment *(in thousands)*				
Employed, no. of residents	51.9	128	121	119
Unemployed, no. of residents	4.0	138	164	156
Rate, seasonally adjusted	6.4			
Civilian labor force, no. of residents	55.9	128	124	121
Local industries *(in thousands)*				
All nonagricultural ind., no. of wage and salary jobs	49.7	124	123	120
Nonmfg. only, no. of jobs	41.8	124	124	120
Mfg. only, no. of jobs	7.9	124	118	122
Industrial electric power sales	***	105	97	103
Construction contracts awarded *(in millions of dollars)*	'86 Ytd (Jan-Mar)	Pct Change From Year-Ago Ytd		
Residential contracts only	12.8	− 6		
Nonresidential contracts only	12.9	+130		

[1]Centre County

area have a good deal of confidence in the health of the economy.

Total jobs in the region's nonagricultural establishments have increased five straight quarters and stand at a record-high 50,500 after seasonal adjustment. Unlike the situation throughout the Commonwealth as a whole, manufacturing appears to be holding its own. In fact, job levels rose by a slight 300 last quarter to stand at seasonally adjusted 7,900. A surprisingly large 8.7 percent seasonally adjusted increase in electricity sales to industry is a further indication that the region's manufacturing industries are in slightly better shape than in the State as a whole.

Nonmanufacturing job levels dipped a slight 0.2 percent during this year's first quarter to a seasonally adjusted 42,500 after four consecutive quarterly advances. However, this still represents the second highest level on record and the industries in this sector continue to dominate the regional economy.

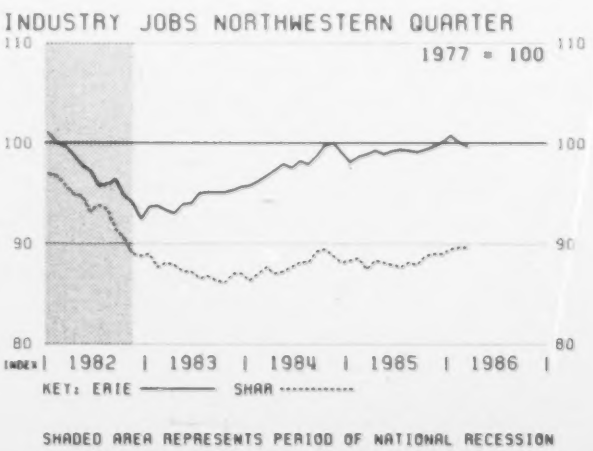
Nonresidential construction activity was apparently up last quarter as the value of contract awards, $12.9 million, was more than double the value from a year ago. The 6 percent decline in residential contract values to $12.8 million is somewhat disturbing. However, the impact of the lowest mortgage rates in several years should soon take hold and give the sector a considerable boost.

Northwestern Quarter

Erie

Economic trends during this year's first quarter in the Erie area show an overall picture of moderate, but far from spectacular, growth. Although it has advanced in 7 of the past 12 quarters, employment, at a seasonally adjusted 118,100, is still below pre-recessionary levels. The first quarter gain of 3,400 was not enough to push down the number of residents counted as unemployed which rose slightly to 10,500 after seasonal adjustment. The jobless rate fell an insignificant 0.1 percentage point to 8.2 percent, its lowest level since the first quarter of 1980. Given that the region's unemployment rate stood at 7.1 percent in 1979, the last full year before the recessions of the early 1980s, it is apparent that there is considerable room for improvement.

Jobs in the slumping manufacturing sector continued their recent declines in falling a seasonally adjusted 200 to 35,400. The only time when job levels were less than this occurred



in 1983, just as the recovery was getting started.

There are some indications that activity in the region's manufacturing sector may be bottoming out. The average factory workweek rose almost one-half hour to a seasonally adjusted 42.5 hours (two month average), the highest in the Commonwealth. Sales of electricity to industry rose a strong 9.5 percent, the second largest advance in the Commonwealth last quarter. However, the volatile behavior of both of these indicators over the past several quarters suggests that the best we can hope for is a cessation of job losses in manufacturing. A strong rebound is highly unlikely.

As elsewhere in Pennsylvania, recent job gains in the Erie region have been fueled by the nonmanufacturing sector. The seasonally adjusted 75,000 jobs in the sector represent a gain of slightly more than 1 percent from last year's final quarter. Nonmanufacturing job levels have slipped only once in the last 13 quarters in rising to a record-high.

Construction activity moved ahead along with the economy. At $9.1 million, residential construction contract awards rose 2 percent from 1985's first quarter. The $9.5 million in nonresidential awards represents a gain of more than 50 percent from year-ago levels.

Erie Area[1]

	Ave. mo. value 1 Q.'86	Average monthly index seas. adj. (1977 = 100) 1 Q.'86	4 Q.'85	1 Q.'85
Employment *(in thousands)*				
Employed, no. of residents	114.4	106	103	103
Unemployed, no. of residents	11.6	116	114	121
Rate, seasonally adjusted	8.2			
Civilian labor force, no. of residents	125.9	107	104	104
Local industries *(in thousands)*				
All nonagricultural ind., no. of wage and salary jobs	108.1	100	100	98
Nonmfg. only, no. of jobs	73.0	111	110	107
Mfg. only, no. of jobs	35.0	83	83	85
Industrial electric power sales	***	103	94	95
Construction contracts awarded *(in millions of dollars)*	'86 Ytd (Jan-Mar)	Pct Change From Year-Ago Ytd		
Residential contracts only	9.1	+ 2		
Nonresidential contracts only	9.5	+51		

[1]Erie County

Sharon

Economic growth in the Sharon region was moderate at best during this year's first quarter as the manufacturing sector continued holding the economy back. At a seasonally adjusted 10,600, jobs in the region's manufacturing sector are at their lowest level on record. Furthermore, they have declined in five of the last six quarters, including a seasonally adjusted fall of 200 in this year's first quarter. A seasonally adjusted 4.5 percent reduction in electricity sales to industry during the quarter is further evidence of manufacturing's slump.

What growth there has been in the region is the result of gains in nonmanufacturing. Sectoral job levels have advanced in each of the last four quarters to stand at a seasonally adjusted 30,500. However, whereas job levels in Pennsylvania nonmanufacturing establishments are currently at an all-time high, they fall short of the high-water mark set in 1981 in the Sharon region.

Sharon Area[1]

	Ave. mo. value 1 Q.'86	Average monthly index seas. adj. (1977 = 100) 1 Q.'86	4 Q.'85	1 Q.'85
Employment *(in thousands)*				
Employed, no. of residents	44.6	95	91	93
Unemployed, no. of residents	4.7	106	113	129
Rate, seasonally adjusted	8.6			
Civilian labor force, no. of residents	49.4	96	93	95
Local industries *(in thousands)*				
All nonagricultural ind., no. of wage and salary jobs	39.8	90	89	88
Nonmfg. only, no. of jobs	29.9	106	104	101
Mfg. only, no. of jobs	9.9	62	62	65
Industrial electric power sales	***	98	102	107
Construction contracts awarded *(in millions of dollars)*	'86 Ytd (Jan-Mar)	Pct Change From Year-Ago Ytd		
Residential contracts only	3.3	−27		
Nonresidential contracts only	7.9	0		

[1]Mercer County

As is the case throughout much of Pennsylvania, the gains in nonmanufacturing have been offsetting manufacturing's losses in the Sharon region. Total jobs in all nonagricultural establishments increased by a seasonally adjusted 300 last quarter in rising to 40,600.

Total resident employment in the region rose a healthy 4.8 percent after seasonal adjustment from the previous quarter, settling at 45,900, the highest level since 1982. A quick glance at historical data shows that there is considerable room for improvement in the employment situation in the region. Quarterly seasonally adjusted employment levels between 1970 and 1982 were lower than their current level in only three instances.

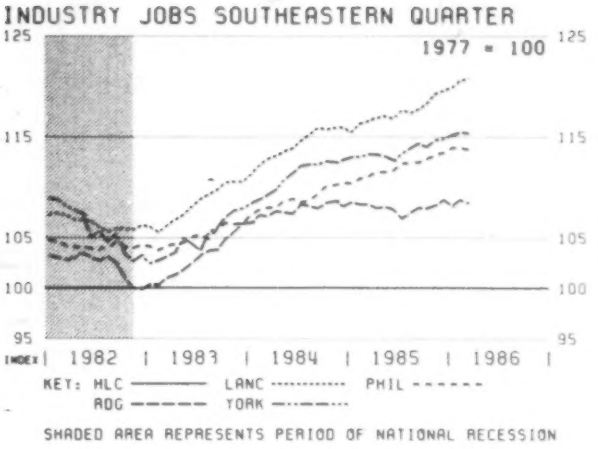
Still, there is no arguing that there has been some improvement in the employment/unemployment situation as of late. In fact, first quarter's seasonally adjusted employment gain of 2,100 after seasonal adjustment was strong enough to absorb an increase in the labor force and reduce the number of unemployed by 200 to a seasonally adjusted 4,300. The end result was a decline in the unemployment rate from 9.4 to 8.6 percent after seasonal adjustment, its lowest level since 1981.

Based on the value of contracts awarded, the region's construction industry failed to contribute to economic growth. The $7.9 million in nonresidential contracts awarded in this year's first quarter is unchanged from a year ago. Despite considerable declines in mortgage rates, residential contract values, at $3.3 million for the quarter, were off 27 percent from year-ago levels.

Southeastern Quarter

Harrisburg-Lebanon-Carlisle

The Harrisburg-Lebanon-Carlisle area economy turned in an impressive economic performance during the first quarter of 1986. At a seasonally adjusted 5.1 percent, the lowest it has been since early 1979, the region's jobless rate is the second lowest of all metropolitan areas in the Commonwealth. This



Harrisburg-Lebanon-Carlisle Area[1]

	Ave. mo. value	Average monthly index seas. adj. (1977 = 100)		
	1 Q.'86	*1 Q.'86*	*4 Q.'85*	*1 Q.'85*
Employment *(in thousands)*				
Employed, no. of residents	280.4	114	111	110
Unemployed, no. of residents	17.3	101	104	110
Rate, seasonally adjusted	5.1			
Civilian labor force, no. of residents	297.7	114	110	110
Local industries *(in thousands)*				
All nonagricultural ind., no. of wage and salary jobs	276.4	114	114	111
Nonmfg. only, no. of jobs	225.4	120	119	115
Mfg. only, no. of jobs	51.0	95	95	96
Hrs. worked by production workers in mfg., *ave. weekly*	39.5	n.a.	n.a.	n.a.
Industrial electric power sales	***	66	70	76
Construction contracts awarded *(in millions of dollars)*	'86 Ytd (Jan-Mar)	Pct Change From Year-Ago Ytd		
Residential contracts only	40.8	+58		
Nonresidential contracts only	37.4	+49		

[1]Cumberland, Dauphin, Lebanon, and Perry Counties

is down 0.3 percentage points from the previous quarter as an increase in employment was strong enough to absorb a rise in the labor force and reduce the number of residents counted as unemployed.

The 288,100 residents counted as employed after adjustment for normal seasonal variations is a record-high and represents a gain of 8,900 or 3.2 percent from last year's final quarter. In that the region's labor force rose by 8,400, this resulted in a decline of about 600 in the number of unemployed.

Similar to trends throughout much of Pennsylvania, the nonmanufacturing sector in the region has been fueling the increase in jobs as of late. Job levels in the sector have increased 13 straight quarters and currently stand at a record-high 229,600 after seasonal adjustment.

At the same time, manufacturing has been contributing little to overall economic growth in the region. At a seasonally adjusted 51,600, job levels in manufacturing establishments are at their lowest point since late in the back-to-back recessions of the early 1980s. However, despite manufacturing's problems, total jobs in the region's nonagricultural establishments rose to a record-high 281,200 after seasonal adjustment last quarter as the gains in nonmanufacturing offset manufacturing's losses.

Reflecting the apparent sluggishness in manufacturing activity, sales of electricity to industrial customers dipped 6.1 percent last quarter. However, the average factory workweek did jump 0.3 hour from a year ago.

Construction activity, as measured by the value of contracts awarded rose considerably. Residential contract values, at $40.8 million, were up a strong 58 percent from 1985's first quarter. Certainly, recent declines in mortgage rates contributed to this surge. This increase was nearly matched by the 49 percent rise in nonresidential contract values to $37.4 million.

Lancaster

It is hard to find any bad news in the performance of the Lancaster area economy in the first quarter. The region's manufacturing sector held its own while nonmanufacturing provided the bulk of new jobs. Manufacturing job levels rose a slight seasonally adjusted 300 to 58,500, the second consecutive gain. This is quite an accomplishment given the downward trend in manufacturing jobs at the State and national levels. A minimal decline in the average workweek to 40.1 hours after seasonal adjustment and the third straight gain in electricity sales to industry provide further evidence that the region's manufacturing establishments, though far from growing rapidly, are at least in slightly better shape than in most areas within the Commonwealth.

Nonmanufacturing job levels totaled a record-high 111,700 after seasonal adjustment. Job levels have advanced in 14 straight quarters, including a gain of 1,700 in this year's first quarter. Total nonagricultural jobs in the region, on the strength of nonmanufacturing's gains, currently stand at a record-high 170,200 after seasonal adjustment.

The news was just as good, if not better, on the resident employment/unemployment front. First quarter employment rose a seasonally adjusted 6,700 or 3.5 percent to a record-high 196,600. In that there was a slightly smaller increase in the labor force of 5,700, this helped drive down the number

Lancaster Area[1]

	Ave. mo. value	Average monthly index seas. adj. (1977 = 100)		
	1 Q.'86	*1 Q.'86*	*4 Q.'85*	*1 Q.'85*
Employment *(in thousands)*				
Employed, no. of residents	189.9	125	121	119
Unemployed, no. of residents	8.6	89	100	106
Rate, seasonally adjusted	3.6			
Civilian labor force, no. of residents	198.5	123	120	119
Local industries *(in thousands)*				
All nonagricultural ind., no. of wage and salary jobs	166.8	120	119	116
Nonmfg. only, no. of jobs	109.0	132	130	125
Mfg. only, no. of jobs	57.7	103	102	103
Hrs. worked by production workers in mfg., *ave. weekly*	39.9	101	101	100
Industrial electric power sales	***	126	126	124
Construction contracts awarded *(in millions of dollars)*	'86 Ytd (Jan-Mar)	Pct Change From Year-Ago Ytd		
Residential contracts only	37.3	+16		
Nonresidential contracts only	9.2	+67		

[1]Lancaster County

of individuals counted as unemployed by 1,000 to 7,300. Unemployment has not been lower than this since 1974. The gain in employment and decline in unemployment enabled the region to solidify its hold on the distinction of having the lowest jobless rate in the State. At a seasonally adjusted 3.6 percent, the jobless rate was down 0.6 percentage point from the previous quarter.

Not surprisingly, construction activity in the region was also on an upward trend last quarter. Residential contract values rose 16 percent, while on the nonresidential side, they were up 67 percent.

Philadelphia

The Philadelphia regional economy turned in a fairly strong performance during this year's first quarter. Enough jobs were created to absorb an increase in the labor force and reduce the number of unemployed. All told, there were 2.21 million residents employed after adjustment for normal seasonal variations. This is a record-high and represents a gain of 47,700 or 2.2 percent from the previous quarter.

Given that the labor force rose a strong seasonally adjusted 44,900, this helped reduce the number of unemployed by 2,800 to 130,900 after adjustment. The end result was a 0.2 percentage point decline in the jobless rate to a seasonally adjusted 5.6 percent, the lowest since 1974. This is the third lowest jobless rate among the Commonwealth's 15 metropolitan areas.

As is the case throughout much of Pennsylvania, nonmanufacturing establishments are fueling job growth in the region. Job levels in the sector have been on the rise for the past 17 quarters and now stand at a record-high 1.68 million after seasonal adjustment. This represents a gain of 11,600 or 0.7 percent from a quarter ago.

The situation is just the opposite in the manufacturing sector. There have been only minimal increases in manufacturing job levels in each of the last two quarters. At a seasonally adjusted 397,400, manufacturing jobs are about 12 percent below pre-recessionary levels. A seasonally adjusted 0.4 hour decline in the average workweek to 40 hours does not provide any hope for a quick rebound in hiring.

Despite the weakness in manufacturing, total jobs in the region's nonagricultural establishments have advanced in 12 consecutive quarters and currently stand at a record-high 2.08 million after seasonal adjustment.

Based on the value of contracts awarded, both residential and nonresidential construction activity is up. The $266.7 million in nonresidential contracts during the first quarter is a 22 percent improvement over a year ago. At $264.5 million, first quarter residential contract values rose a more moderate 3 percent.

Reading

Despite being held back by continued sluggishness in manufacturing, overall economic growth in the Reading area during the year's first quarter was fairly strong. In declining 0.3 percentage point to a seasonally adjusted 7.1 percent, the region registered its third consecutive unemployment rate decline. The fall in the jobless rate is the result of a solid 3 percent gain in employment to a record-high 156,800 after seasonal adjustment. This gain, which translates into 4,600 additional employed residents, absorbed a net inflow of 4,400 into the workforce and reduced the number of unemployed by 200.

First quarter's improvements are again attributable to the nonmanufacturing sector in the region. Establishments in this sector maintained a record-high 94,300 jobs during the quarter, up 500 from the previous quarter. This represents the 13*th* consecutive quarter in which nonmanufacturing jobs have advanced in the region.

On the other hand, jobs in the area's manufacturing establishments declined for the seventh straight quarter. Job levels in the sector, at a seasonally adjusted 48,600, are only slightly above their record-low set in the mid-1970s. Still, nonmanufacturing's gains were enough to offset manufacturing's losses, resulting in a seasonally adjusted gain of 200 in total nonagricultural jobs to a record-high 142,800.

A slight decline in the average factory workweek from last year's final quarter, from 39.7 to 39.6 hours after seasonal

Philadelphia Area[1]

	Ave. mo. value	Average monthly index seas. adj. (1977 = 100)		
	1 Q.'86	*1 Q.'86*	*4 Q.'85*	*1 Q.'85*
Employment *(in thousands)*				
Employed, no. of residents	2171.4	117	114	113
Unemployed, no. of residents	133.8	74	75	77
Rate, seasonally adjusted	5.6			
Civilian labor force, no. of residents	2305.2	113	111	110
Local industries *(in thousands)*				
All nonagricultural ind., no. of wage and salary jobs	2059.1	114	113	111
Nonmfg. only, no. of jobs	1662.3	122	121	118
Mfg. only, no. of jobs	396.3	89	89	90
Hrs. worked by production workers in mfg., *ave. weekly*	39.8	101	102	101
Industrial electric power sales	***	100	102	99

Construction contracts awarded *(in millions of dollars)*	'86 Ytd (Jan-Mar)	Pct Change From Year-Ago Ytd
Residential contracts only	264.5	+ 3
Nonresidential contracts only	266.7	+22

[1]Bucks, Chester, Delaware, Montgomery, and Philadelphia Counties, Pa., and Burlington, Camden, and Gloucester Counties, N.J.

Reading Area[1]

	Ave. mo. value	Average monthly index seas. adj. (1977 = 100)		
	1 Q.'86	*1 Q.'86*	*4 Q.'85*	*1 Q.'85*
Employment *(in thousands)*				
Employed, no. of residents	153.1	115	112	114
Unemployed, no. of residents	13.0	130	133	120
Rate, seasonally adjusted	7.1			
Civilian labor force, no. of residents	166.1	116	113	114
Local industries *(in thousands)*				
All nonagricultural ind., no. of wage and salary jobs	141.0	108	108	108
Nonmfg. only, no. of jobs	92.6	117	116	112
Mfg. only, no. of jobs	48.4	95	96	102
Hrs. worked by production workers in mfg., *ave. weekly*	39.5	101	102	104
Industrial electric power sales	***	125	125	127

Construction contracts awarded *(in millions of dollars)*	'86 Ytd (Jan-Mar)	Pct Change From Year-Ago Ytd
Residential contracts only	22.0	+ 13
Nonresidential contracts only	9.2	– 16

[1]Berks County

adjustment, does not signal any future increase in hiring. Normally, employers increase hours worked by existing employees before hiring additional workers. A minimal increase in sales of electricity to industry during the quarter is nothing to get excited about.

Construction activity in the region during this year's first quarter was mixed as nonresidential contract values dipped 16 percent from a year ago to $9.2 million. However, probably spurred on by declining mortgage rates, residential contract values rose 13 percent from 1985's first quarter to $22 million.

York

The York area turned in another strong economic performance during this year's first quarter as the jobless rate fell for the third consecutive time from a seasonally adjusted 6.7 percent to 5.6 percent. This is the third lowest unemployment rate in the Commonwealth. Contributing to the decline was a healthy 3.8 percent increase in employment after seasonal adjustment. This gain, which translates into an increase of 7,100, leaves employment at a record-high 194,700. At the same time, the number of residents counted as unemployed fell to 11,500 after adjustment for normal seasonal variations, the lowest since 1980:IQ.

In that activity in the sector around the State is quite sluggish, manufacturing's second consecutive quarterly job gain in the region is encouraging. However, at a seasonally adjusted 58,400, job levels in the sector are still considerably below the all-time high established in 1979. Another good sign for manufacturing is the third straight gain in the average factory workweek to a seasonally adjusted 41.6 hours, up 0.5 hour from last year's final quarter. Usually, the workweek rises prior to an increase in hiring. On the negative side, however, is the seasonally adjusted 2.7 percent fall in electricity sales to industry.

Although job levels in manufacturing appear to be, at the least, holding fairly steady, albeit at a historically low level, nonmanufacturing activity is moving along at a fairly brisk pace. Job levels in the sector have advanced in each of the past 14 quarters, including a seasonally adjusted 1.1 percent gain in this year's first quarter. This gain of 1,100 leaves sectoral job levels at a record-high 105,400 after seasonal adjustment. Mostly on the strength of the nonmanufacturing sector, total nonagricultural jobs have been at an all-time high since 1985:IIIQ. Currently, they stand at a seasonally adjusted 163,700.

Not surprisingly, the region's construction industry also turned in a solid quarter. At $25 million, total nonresidential construction contracts more than tripled their value from a year ago. Although considerably smaller than in the nonresidential sector, the 14 percent annual gain in residential contract values, to $22.7 million, is also a good sign.

— William D. Anderson

York Area[1]

	Ave. mo. value 1 Q '86	Average monthly index seas. adj. (1977 = 100) 1 Q '86	4 Q '85	1 Q '85
Employment *(in thousands)*				
Employed, no. of residents	188.8	126	122	122
Unemployed, no. of residents	12.8	114	133	133
Rate, seasonally adjusted	5.6			
Civilian labor force, no. of residents	201.6	125	122	123
Local industries *(in thousands)*				
All nonagricultural ind., no. of wage and salary jobs	161.0	115	114	113
Nonmf'g. only, no. of jobs	103.3	128	127	122
Mfg. only, no. of jobs	57.7	98	98	100
Hrs. worked by production workers in mfg., *ave. weekly*	41.3	101	100	100
Industrial electric power sales	***	109	112	103
Construction contracts awarded *(in millions of dollars)*	'86 Ytd (Jan-Mar)	Pct Change From Year-Ago Ytd		
Residential contracts only	22.7	+ 14		
Nonresidential contracts only	25.0	+233		

[1]Adams and York Counties

PENNSYLVANIA BUSINESS SURVEY

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